

STATE CONTROLLER'S OFFICE  
PERSONNEL/PAYROLL SERVICES DIVISION  
P. O. BOX 942850  
Sacramento, CA 94250-5878

DATE: November 15, 2006

PAYROLL LETTER #06-026  
Civil Service Only

TO: All Agencies in the Uniform State Payroll System

FROM: DON SCHEPPMANN, Chief  
Personnel/Payroll Services DivisionRE: **BARGAINING UNIT 07 BONUS PAY**

Pursuant to the recently negotiated agreement and as authorized by the Department of Personnel Administration (DPA), the State Controller's Office will issue the one-time \$1,000 bonus pay to eligible bargaining unit 07 employees. See DPA Pay Letter # 06-40A and Bonus Pay Differential 335 for further information including the eligibility criteria.

The bonus pay for the majority of the employees was issued in the payroll cycle scheduled for the night of November 14, 2006 (issue dated 11/15/06). For employees on direct deposit, their bonus payment could be posted to their account starting November 17, 2006 through November 20, 2006 depending upon an employee's financial institution.

The following employees will be issued their bonus pay during the week of November 20, 2006.

- Intermittent time base as of June 30, 2006
- Leave of absence as of June 30, 2006
- Multiple positions as of June 30, 2006
- Position number or time base change processed after June 30, 2006
- Appointment to an eligible bargaining unit 07 position processed after June 30, 2006.

The bonus pay can be identified as Payment Type G, Payment Type Suffix D on the various payroll outputs/records and issued with the 07/2006 pay period. Per the Bonus Pay Differential 335 criteria, the employee's employment status as of June 30, 2006 is to be used to determine if an employee is eligible for the bonus pay. Accordingly, the position number as of the employee's June 30, 2006 employment status will be reflected on the bonus payment. For employees with multiple eligible positions, the position number with the greatest time base will be used for the bonus pay. If the time bases for all eligible positions are equal, the bonus pay will then be issued under the position number with the lowest position sequence number.

The bonus pay is taxable income to the employee. The following taxes could be withheld depending upon the employee's tax status: federal income tax, state income tax, social security tax, and medicare tax. The aggregate tax withholding method will be used to compute the federal and state income tax amounts. The bonus pay is not subject to retirement withholdings and not to be included in the calculation of an employee's overtime, disability, and lump sum pay rates (see Bonus Pay Differential 335).

If an eligible employee has not received her/his bonus pay by November 30, 2006, submit a Form STD. 674, Payroll Adjustment Notice. Complete the Form STD. 674 as outlined in PPM Section G 105. Note, enter GD as the Earnings ID in Item 6B of the Form STD. 674.

Please direct questions on the bonus pay eligibility criteria to the department's DPA CCD analyst. Questions regarding the bonus payment process can be directed to PPSD's Payroll Liaison Unit at (916) 323-3081.

DS:JLD:PMAB